

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



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Order Instituting Rulemaking  
Concerning Energy Efficiency Rolling  
Portfolios, Policies, Programs,  
Evaluations, and Related Issues.

Rulemaking 13-11-005  
(Filed November 14, 2013)

**COMMENTS OF OPOWER, A PART OF ORACLE, IN RESPONSE TO  
PROPOSED DECISION PROVIDING GUIDANCE FOR INITIAL ENERGY  
EFFICIENCY ROLLING PORTFOLIO BUSINESS PLAN FILINGS**

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# **COMMENTS OF OPOWER, A PART OF ORACLE, IN RESPONSE TO PROPOSED DECISION PROVIDING GUIDANCE FOR INITIAL ENERGY EFFICIENCY ROLLING PORTFOLIO BUSINESS PLAN FILINGS**

## **I. Introduction**

Pursuant to Rule 14.3 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, Opower, a part of Oracle ("Opower")<sup>1</sup> offers the following comments regarding the Proposed Decision Providing Guidance for Initial Energy Efficiency Rolling Portfolio Business Plan Filings ("PD"), mailed July 19, 2016. Opower's comments focus on the Commission's guidance as it relates to behavioral programs in the Energy Efficiency (EE) Business Plan filings ("Business Plans").

Opower delivers behavioral energy efficiency, demand response, and customer engagement services to over one hundred electric and natural gas utilities across ten countries and thirty-five states, including California. To date, these programs have saved over eleven terawatt-hours of energy.<sup>2</sup> This year Opower will deliver personalized energy usage insights to more than fifty million residential customers, through paper mail, email, utilities' online customer portals, smartphones, and text messages. This information empowers customers to make better-informed decisions about how to manage their energy use, helps them understand which rate options are best for them, motivates them to reduce demand on peak days, and alerts them when they may be on track for a high bill.

## **II. Guidance Regarding Behavioral Programs**

In Section 3.11, *Behavioral, Retrocommissioning, and Operational Programs* (BRO), the PD contemplates how best to approach the question of expected useful life (EUL) for behavioral programs in which customer actions result in energy savings without the installation of a given widget. Based on input from parties and Commission staff, the PD

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<sup>1</sup> On May 2, 2016, Oracle Corporation announced its intention to purchase Opower, Inc. On August 1, 2016, Oracle's and Opower became legally combined entities.

<sup>2</sup> 11 TWh is equal to the amount of energy consumed by approximately 1 million U.S. households in one year

determines that two years is both reasonable and conservative assumption as a starting point for planning for behavioral programs that do not yet have the requisite data to show otherwise.<sup>3</sup> Opower has participated in numerous AB 802 implementation workshops and other forums at the Commission and notes that discussion both at these workshops and in comments on Staff's white paper, the focus has been on commercial and industrial programs. Opower requests that the Commission clarify in this Decision that the assumption of a two-year EUL for planning purposes for BRO programs does not apply to existing behavioral programs that already have years of data to build upon and established protocols that allow for a more empirical approach to determining their assigned EUL. The Home Energy Reports (HER) program is a prime example of such a program.

As the Commission is aware, Opower has partnered with the IOUs in California to deliver Home Energy Reports to millions of residential customers since 2011. The measurement and verification of savings generated by HERs is long-established and prescribed both in Commission decisions and legislation.<sup>4</sup> By employing a randomized control trial design in the implementation of the HER program, savings are able to be accurately measured and attributed to the behavioral intervention. In addition, utilities across the country are actively working to understand how long HER savings persist through rigorous experimental design.

Since the 2010-2012 program cycle, the EUL of Home Energy Report programs in

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<sup>3</sup> Proposed Decision, at p. 43 states, *"Because there is a wide variation in evidence to support various expected useful lives, we will still err on the conservative side and allow a two-year life for behavioral programs, and a three-year life for retrocommissioning and operational programs."*

<sup>4</sup> SB 488 was approved by the Governor on October 11, 2009. The statute requires IOUs that have comparative energy usage disclosure programs to report program energy savings to the Commission and requires the Commission to use experimental design evaluations to determine net energy savings from these programs and report to the Energy Commission and the Legislature the evaluation results and any action undertaken by the Commission in response to the evaluation.

D. 10-04-029 Implemented SB 488 and determined, *"We thus adopt a policy to measure and count savings from comparative usage programs, as defined in this Decision, using experimental design methodologies contained within the California Evaluation Protocols."* (p. 40)

California has been assumed to be and accepted as one year. However, utilities and their regulators around the country are re-examining this assumption. Preliminary analysis suggests that savings persists beyond one year and that the traditional approach of assigning a single number for the expected useful life of an HER program may not be appropriate given that there are many variables that contribute to the length of persistence of savings from each individual HER deployment. The determination of EUL for HERs should continue to be explored by Commission staff in the context of the existing EM&V framework. While it is Opower's understanding, based on the discussions leading up to this decision, that the two year EUL assumption for planning purposes in this decision is not meant to apply to HER programs, it is important that this be clarified in order to avoid any unintended consequences of this provision being taken out of context in the future.

### **III. Conclusion**

Opower thanks the Commission for the opportunity to comment on this Proposed Decision. While Opower's comments are narrowly tailored to address the assignment of an effective useful life for behavioral programs, it must be acknowledged that this decision represents a watershed moment for California's energy efficiency programs. Opower therefore commends the Commission for grappling with a diverse array of topics and thanks the Commission for its ongoing commitment to driving the state's energy efficiency goals forward.

Dated: August 8, 2016

Respectfully Submitted,

A handwritten signature in cursive script that reads "Charlie Buck".

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